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Russia-Focused Funds Get Most Investment in 8 Months

By The Moscow Times

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Investment funds focused on Russia saw their largest weekly influx of cash since September last week, showing that international investors are now returning to Russia after last year's torrential capital outflows, the Kommersant newspaper reported Friday.

Funds concentrating on Russia gained $182 million in investment in the week ending April 22, more than three times the amount attracted the week before, Kommersant reported, citing data from Emerging Portfolio Fund Research (EPFR). Russia-focused funds have gained $362 million in investment since the start of the year.

Increased interest in Russia came even as investors shied away from funds focusing on other parts of the developing world. Emerging markets funds lost a total of $4.1 billion last week, or three times as much as the week prior. This is the biggest loss for emerging markets funds

since mid-December, when their weekly outflow hit $6.8 billion, according to EPFR.

Russia-focused funds have becomes more appealing to investors thanks to the rising price of oil, Russia's top export, and the concurrent strengthening of the ruble, which has appreciated more than 30 percent to the U.S. dollar since the start of February. Russia's benchmark 2030 eurobond was outperforming the dollar bonds of all other developing economies as of April 17, news agency Bloomberg reported.

Russia's long-term economic prospects are still uncertain, with low oil prices and Western sanctions over the Ukraine crisis expected to shrink the economy by up to 5 percent this year.

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